

socialist review

Issue 28

For a democratic socialist alternative

January 2009



Gaza

Stop the Siege

Changing Government
National Party & Barack Obama

Changing Economy
Credit crisis & Global
Financial Meltdown



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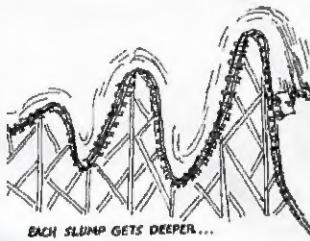


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Otago Room, Clubs & Societies Building, 84 Albany Street

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Change we can believe in

A lot of things have changed in the world since the last issue of this magazine. New Zealand has had a change of government, America has had a change of president; but much has also stayed the same: Israel is still laying waste to the Gaza strip and the world economy is continuing its tumble into recession.

This issue of Socialist Review is about change: the change that has happened with changing faces in politics at home and abroad, the change that can happen in Palestine, in Afghanistan and in the rest of the Middle East if workers there unite to overthrow imperialist ambitions in their region, and the change that must happen in the working class in New Zealand and around the world if we are to protect ourselves from the economic crisis, and more crises in the future.

After nine years of failure to deliver on promises to improve conditions for working class New Zealanders, the Labour Party lost the general election last year. Labour no doubt are secretly delighted to have left office just as the global economic crisis hit. Within a year or so, no doubt, Labour politicians and campaigners will be talking about the good old days under Helen Clark. But as Socialist Review has consistently shown, Labour are no friend of working people. What poor reforms they did offer - like Working for Families - were made possible by an economic recovery and, worse, were overshadowed by the massive profits made by the richest New Zealanders. The combined wealth of the Rich List New Zealanders increased faster under Clark than it did under the previous National Government.



Differences between NZ and US

John Key and the National Party ran on a platform of change, and did their damndest to leave it at that. Their victory was not an endorsement of their policies, but rather a repudiation of Labour and its pro-business orientation.

In the US, Barack Obama also ran on a platform of change. But this was backed by a grassroots movement bigger than anything seen in the US for decades. But Obama was the candidate of big business, breaking all records in election spending, and in the White House he will preside over a vast state machine that's intertwined with capital in countless ways. He'll be commander in chief of armed forces that are occupying two countries - Iraq and Afghanistan - and supporting Israel's war on the Palestinian people. Without continued pressure from the support base that got him elected, it is this

reality that will shape Obama's policies.

Nightmare in Gaza

In the Middle East, Gaza has been plunged into a living nightmare as Israel's war on Palestinians claims more victims every day - men, women and children alike. This is the end logic of a racially-based state. Israel claims to be a democracy but at the same time it claims it has to remain a Jewish-majority state. This is substantially the same as South Africa, which claimed to be a democratic white state by creating barbed-wire compounds for non-whites they called Bantustans or homelands. This racist logic is a deathtrap for the Jewish people. The only way forward is to fight for a democratic, secular, non-racist state for Jews and Palestinians.

Slap on the hand for child-killer



Bruce Emery, a 51 year old businessman has been sentenced to four and a half years in prison for stabbing 15 year old Pihema Cameron to death. What a joke! Could you imagine how long a Maori or Pacific Islander would have received in jail for doing the same crime? After all, Emery chased Cameron 300 metres down the road with a knife. After he had stabbed him, he refused to provide any help to Cameron. He went back home, and hid the knife.

There is much racism in the so-called justice system. While Maori make up around

14% of the population, they represent about half of the prison population. Furthermore, the case has highlighted just how redneck the law and order lobby are. The murder of Cameron was justified by right-wingers as a defence of private property. And what about the Sensible Sentencing Trust, who supposedly speak out for every victim of crime? They thought even four years was too harsh a sentence. Do brown victims not count?

RIP Pihema Cameron

National in power

The National Party was elected last year in the midst of what looks to be the worst economic crisis since the Second World War.

John Key compared his election to Barack Obama's in the United States, saying New Zealand had voted for 'change'. But what changes will the National-led government bring? A look at the history of the National Party can yield some clues to its current direction.

Origins of the National Party

The National Party was formed toward the end of the Great Depression through an alliance of the two major parties of the time – the United and Reform Parties. Each left their stamp on the character of the new party. The United Party was classically liberal, promoting liberal democratic reforms and a commitment to business and the free market. The rather inaccurately named Reform Party was a conservative party popular amongst farmers. Modelled on the Conservatives in Britain, it was initially formed to counter the Liberals.

The Great Depression, however, permanently changed the political landscape. Popular discontent split the support of the United Party – urban businessmen and workers – as impoverished workers joined the Labour Party in droves. The rising threat of a Labour Party government pushed the old rivals in the United and Reform parties into a coalition government in 1931. The pro-business policies of the United-Reform government, however, didn't improve conditions for the working class, resulting in the election of Labour in 1931 on a tide of strikes and working class militancy, and the merger of the Reform and United Parties to form National soon after.

Labour remained in power until 1949, restructuring the economy, enlarging the state sector and effecting a more state-based capitalism. While economic growth boomed after the Second World War, the National-led governments did little to alter the structure that Labour had put in place. While economic stability lasted, National mostly continued with Labour's economic policies and a conservative appeal, backed up when necessary by bipartisan anti-communism.

Economic Decline and Neo-liberalism

The prosperity of the post-war boom ended in 1976. Recessions once again became a regular feature of capitalist society, and unemployment began to grow. Keynesian policies of state intervention and demand management failed to stop stagnation and led only to increased inflation. The National Party was divided over



Even at the time of the election it was clear that the "Brighter Future" we were choosing was going to be bleak. A quarter-century of savage attacks on worker's conditions around the world along with open slather for investment bankers like John Key and his friends has left the ruling class sitting pretty. But the economic crisis they created along the way, and anti-worker policies like National's 90-day "fire at will" act means that the future for most New Zealanders will be anything but bright.

how to solve the crisis. One section, under Muldoon, remained committed to Keynesian "Think Big" policies, while a growing chorus of academics and businessmen demanded a return to 'neoclassical' economic policies – privatization, deregulation, anti-unionism and budget cuts. A group of the National Party MPs, including future Prime Minister Jim Bolger, attempted to topple Muldoon in 1980, but failed.

As the economy continued to stagnate, dissatisfaction in the working class at Muldoon's economic mismanagement and visible impotency also grew, putting Labour back in power in 1984. But being committed to maintaining capitalist profits, Labour turned on its own supporters and implemented the 'neoliberal' policies business had been calling for.

This gave National Party the green light to revise its policy. It couldn't allow itself to be beaten by Labour at its own game. When National was re-elected in 1991 it was open slather against worker's interests. Unions were smashed, benefits slashed by 20%, state spending gutted and state-owned industries privatized, while taxes on the rich were lowered. Student loans, under-funded hospitals, dysfunctional public transport, some of the lowest wages in the OECD and consumer debt are part of the enduring result.

The New National Government

Faced with a new economic crisis that will probably be deeper than any since the Great Depression, Western economies desperately need to restructure if they are to restore economic growth. The state needs to spend

more. National claims its policies will lead through growth through spending on infrastructure (in particular roading and communications) and increased international trade. But this itself is predicated on global economic growth – which isn't happening.

National claims its policies will lead through growth through spending on infrastructure and increased international trade. But this itself is predicated on global economic growth – which isn't happening.

More likely, the National Government will weakly mirror the policies implemented in the major economies overseas. They'll be pushed to do whatever leaders overseas are pushed to. Hence Bill English's economic 'stimulus package' and John Key's references to Barack Obama. In lieu of this, they'll probably continue with more of the same policies that have sucked the life out of the working class – curtailed spending, flatter taxes, and attacks on unions and workers rights. This is already foreshadowed by increased ACC levies (basically a flat tax on all employed people), changes to KiwiSaver that generally mean higher taxes for workers and the 90-day "fire-at-will" law.

Left to itself, National is unlikely to revive the economy. Real economic growth requires growth in spending – and in the final assessment this means growth in wages. National will never grant this no matter how much growth occurs. Higher wages and increased spending on healthcare, education and transportation will have to be forced from them. The economic crisis we face can never be defeated within the framework of capitalism, restructured or not. At the end of the day, the constant threat of economic crisis will only be beaten when the profits of business are taken by the working class and shared for their common benefit.

Cory Anderson

Who is John Key?

Continued from back page...

Key grew up in Christchurch. His father died when he was six years old. His mother, an Austrian Jew who escaped the Nazi Holocaust, raised John and his sisters. The family lived for a few years in a state house, which Key boasts about nowadays. Key uses his state house background to say that everybody from a poor background can rise to become a millionaire. But capitalism is a system that by its nature only ever has a few at the top, living off the work of the majority. Most of the lucky few receive their wealth ready-made from rich parents, a tiny minority make their wealth themselves. People like John Key make their wealth by doing nothing at all useful – just by gambling on the finance markets.

Key's state house and his free education – he graduated with a BCommerce from Canterbury in 1981 – were made possible by the welfare state, which was established to give children from poor backgrounds an equal chance with wealthier kids. Even as a boy though, John's main aim was to become rich. He became a currency trader, moving to Singapore and then London, where he worked for Merrill Lynch, ultimately amassing about \$50 million. Merrill Lynch and others like it, companies that allowed Key to garner his riches are the ones directly responsible for today's economic crisis. But Key was always able to "relate" to those less fortunate than him. He earned the nickname the "smiling assassin" for his ability to sack his workers at Merrill Lynch, while keeping his *dopey grin* on his face.

Free market to state control

John Key comes from an older conservative legacy than his predecessor, Don Brash. In the wake of the market's collapse faith in free-market capitalism with minimalist government has become incredibly unpopular, with even the former US Reserve Bank Governor Alan Greenspan losing faith in the free market. Key seems to also be a convert from neoliberalism. What he has converted to appears to be the "Keynesian" model (see page 14). Spending large amounts on public works, cutting tax to stimulate demand, and pushing back workers rights through the 90-day bill are all reminiscent of Robert Muldoon – the archetypal authoritarian. Whether Key or Obama increases state spending, there is nothing intrinsically socialist about it. State spending has always been a vital crutch of capitalism.

Foreign policy failure

Key lacks foreign policy experience – he claims to have had no opinion on the defining political issue of his generation, the 1981 Springbok tour. Yet he has shown he is committed to imperialism. As an opposition MP, Key voted for the US 2003 invasion of Iraq. The war has left Iraq in ruins. It is estimated that over a million Iraqis have been killed since the invasion. Many Iraqis do not have access to the basic needs, such as food, water, and electricity. Key continues to support the deployment of New Zealand troops in Afghanistan. He also failed his first foreign policy test as Prime Minister. He did not condemn the brutal massacre in Gaza, which left about 1400 people dead. Key seemed to

ignore the conflict. Yet this is not surprising considering his support of Israel. Talking to the Jerusalem Post, Key stated that "New Zealand has a warm relationship with Israel," he said adding that "there is quite a lot of synergy" between the two countries, citing their small size. No mention of New Zealand's relationship with the Palestinians. What he is really looking for is a closer relationship with Israel's primary backer – the USA. Israel is this generation's apartheid South Africa, and, like Muldoon, Key refuses to condemn human rights violations for the sake of US good will.

Get set for a struggle

After ten years of so-called "Labour" Party government, which saw real wages stagnate while the wealth of the rich list rocketed, the National Party are back in power. We are gutted they have got it but not surprised at all. Key has played all his cards right to stay in power for a long time too – especially if he can continue to cultivate the kupapa (collaborators) in the Maori Party. People were pissed off with Labour's feel-good propaganda. We don't feel good when wages are stuck while living costs rise. We don't feel good while the prison population rises. We don't feel good while the sea levels rise and nuclear war looms. John Key's National Party have inherited a whirlwind. If we want to advance the conditions of the working class and promote a better, more peaceful world, we have to fight the parasitic ruling class that Key represents. So if you want to help stop the Smiling Assassin, join the International Socialists.

Reece Wright

Maori Party back the Tories

One of the most striking differences between John Key and the last National Party leader, Don Brash, is Key's relationship with Maori political leaders.

Key could not govern without the support of the Maori Party – a party which was formed supposedly in opposition to Labour's *raupatu* (confiscation) of the seabed and foreshore but in reality was born of massive Maori opposition to Don Brash's inept attempt to play the race card.

In 2005, Te Ati Awa in Marlborough lodged a claim for land rights to the seabed and foreshore of their *rohe* (tribal area). The Helen Clark government realised that the Crown, in its past plundering of Maori land, had overlooked the coastal fringe of New Zealand and potentially now faced the after effects of 150 years worth of unfinished business. Their response was to put forward a law to unilaterally seize all the seabed and foreshore, thus completing the burglary of Aotearoa that began in 1840.

But of course, Maori are not the only people who care about the coastline. For many working people in this country, access to the bush and the sea provides the breath of fresh air they need to survive the daily grind.

Don Brash seized on the uncertainty created by the seabed foreshore claim to proclaim that New Zealand was a racist society that unfairly benefitted Maori! This sets reality on its head. There are precious few Maori living in the posh suburbs of New Zealand cities – in Fendalton, Remuera, or the ironically named "Maori" Hill. Maori provide a disproportionately large percentage of the NZ working class, and have consistently provided the radical edge to working class resistance in NZ, especially in the turbulent 1970s.

Since Labour won the 1984 elections though, governments of both 'left' and right have trumpeted Treaty of Waitangi settlements and political correctness while laying waste to working class living standards – which disproportionately affected Maori families.

Brash's 'Orewa Speech' won the National Party huge support from redneck farmers and disoriented 'anti-PC' workers but also provoked the biggest demonstrations of the last decade – where Maori showed that they would not stand

to be used as a scapegoat. The huge demos shut Brash right up.

The "Maori Party" supposedly formed as a result of the foreshore and seabed controversy was more as a defensive reaction of working class Maori against the failed promises of the Treaty of Waitangi and against the threat of Brash's 'One Nation' racism.

Unfortunately, the "Maori Party", since its founding, has been dominated by tribal elites. In many cases, such as Ngai Tahu, Waikato, and Tuwharetoa – to name just three – the capitalist state has successfully created an elite that is dependent on its favour. The interests of this elite are diametrically opposed to the interests of the majority of Maori.

Nowhere is this more clearly shown than in the support of the Maori Party for privately-run prisons. Like in most colonised countries, Maori are far more likely to be thrown in jail than Pakeha.

The so-called "Maori Party" supports the right of capitalist vultures to make money off this miserable situation.

They are bankrupt. They stand in a long and ignoble tradition of kupapa who for whatever misguided reasons help maintain a racist state..

Mike Tait

Looking forward to change

Millions of people jammed into Washington, D.C., to see history being made in January, and to celebrate the official beginning of a new era in American politics.

A sea of people packed into the vast mall area in front of the Capitol building. Around the country, there were gatherings in schools, in auditoriums and theaters, in front of jumbotrons set out in city streets. Across the world, too, millions watched the first African American president take office.

These images couldn't be more of a contrast to eight years ago, when George W. Bush scurried into the White House, thanks to a 5-4 decision of the U.S. Supreme Court not to count every vote in the 2000 election. Bush's inauguration was a meager gathering of political insiders, conservative cranks and corporate lobbyists, with angry protesters lining the inaugural parade route.

The end of the Bush regime was bound to be a cause for celebration for the millions of people who hated what the administration stood for—the "war on terror," contempt for the poor and working people, a bigoted right-wing agenda. There was no more satisfying sight than Bush climbing the stairs to his helicopter and flying away.

But the inauguration of Barack Obama meant much more than the end of Bush. Standing outside a Capitol built by slave labor, Obama took the oath to assume the presidency, an office held mostly by slaveowners for the first seven decades of America's existence. No wonder so many thought they would never see the day that an African American would be elected to the White House.

That achievement—the inauguration of a man who wouldn't have been served a cup of coffee in Washington a few generations ago, and who couldn't have hoped to win the presidency not that many years ago—dominated every moment of the proceedings.

It couldn't be otherwise with the countless Black faces throughout the vast crowd in Washington—and with the sense of pride, extending beyond African Americans alone, that some of the cruel sins of America's past were finally being overcome.

Among those who figured out a way to get to Washington, and waited for hours for a spot on the Mall or along the parade route, there was a sense of pride, too, in their contribution to this day—that the achievement was not Obama's



For large numbers of people, Barack Obama's election is a reason to believe that change is possible—and that what they did mattered in making it.

alone. His oft-repeated slogan "We are the change we have been waiting for" speaks for many people who see in his election a reason to believe that change is possible—and what they did mattered in making it.

The reverent tone among this huge audience was at odds with the fake pomp on the Capitol steps itself—a ceremony stage-managed according to 18th-century protocol and presided over by political leaders with a history of resisting everything those in the crowd want to accomplish.

The low point was an opening prayer by Rick Warren, the anti-gay, anti-abortion pastor of the Saddleback mega-church. Warren's pious rhetoric about "treating our fellow human beings with respect" was so much hollow cant coming from a man who compares same-sex marriage to incest and pedophilia.

Obama's own team managed to add a further bitter note to this episode.

At a Sunday concert at the Lincoln Memorial, Bishop V. Gene Robinson, the first openly gay bishop in the Episcopal Church, was invited to give the opening prayer, in what supporters of LGBT rights were encouraged to see as a concession to their anger about Warren. But the Presidential Inaugural Committee instructed HBO not to include Robinson's politically charged invocation in the two-hour television broadcast of the concert.

A recession predency

This conflict between the hopes inspired by Obama's promise of change and the compromises on the basic principles held by

those who worked to put him in office ran through the inaugural speech.

The address was full of historical references to those who built America—people who "toiled in sweatshops and settled the West; endured the lash of the whip and plowed the hard earth." But Obama used those images to propose that working people must shoulder the burden of dealing with the economic crisis. "What is required of us now is a new era of responsibility," he said.

In describing the crisis, Obama said, "Our economy is badly weakened, a consequence of greed and irresponsibility on the part of some, but also our collective failure to make hard choices and prepare the nation for a new age."

The millions of people suffering the brunt of the crisis didn't "fail" to make a "hard choice" about the rampant greed and speculation on Wall Street that pushed the financial system off a cliff. They weren't given any choice at all, and now they're being asked to pay for a disaster they had no part in causing.

But spreading the blame for the crisis is the prelude to spreading the sacrifice—shared sacrifice, when the prosperity that came before wasn't shared at all, but was enjoyed entirely by the rich.

Millions of people in this country would be prepared to accept personal sacrifice in order to achieve social goals—a genuine national health care program, for example, or improved public schools. And many among those people may heed Obama's call to public service to help make such changes.

But in recent weeks, Obama's emphasis has been on sacrifice and patience, rather than the radical change the country urgently needs. Thus, in the days ahead, Obama and Congress are expected to approve spending on the second half of the \$700 billion Wall Street bailout that saves the banks, but offers nothing to millions of people in danger of losing their homes.

US ELECTIONS

Obama's comments on foreign policy were similarly double-edged. He struck a different tone than Bush, offering to the Muslim world "a new way forward, based on mutual interest and mutual respect."

Yet over the past month, Obama was silent during Israel's slaughter of more than 1,300 Palestinians in Gaza—a war on a defenseless people, carried out with U.S.-built F-16 fighter jets and Apache helicopters, and following a U.S.-backed blockade that cut off food and medicine to one of the most densely populated areas on Earth.

In another rhetorical shift from Bush administration policy, Obama said he would "reject as false the choice between our safety and our ideals"—a pointed criticism of the shredding of civil liberties under Bush. Yet he also claimed that "[o]ur nation is at war against a far-reaching network of violence and hatred"—a line that could have come from Bush's speechwriters.

OBAMA'S CALL for all Americans to unite and work together to overcome adversity—to "pick ourselves up, dust ourselves off, and begin again the work of remaking America"—is a time-honored cliché for American political leaders.

But there's one thing about this message when it comes from Obama that is important to note. To millions of people, it is a call to do something. And what people do in the coming months and years will be key in determining what change comes to U.S. society.

The Obama campaign has had a profound impact. After a generation of the conservative agenda dominating in Washington, when the White House and Congress seemed wholly insulated from any influence by ordinary people, Obama's victory convinced large numbers of people of some basic sentiments at the heart of the great struggles of the past—that something different is possible, and that what we do matters.

But there's another lesson to be drawn from the experience of the civil rights movement, the fight for women's suffrage and the struggle for unions: Their strength rested on the willingness

to remain independent and mobilize for justice, no matter what president was sitting in the White House.

Obama himself gave voice to these lessons about how social change is made in an answer to a question about Dr. Martin Luther King Jr. at a Democratic candidates' debate during the early primaries. His words were extraordinary coming from a politician who would end up in the Oval Office a year later:

I believe change does not happen from the top down. It happens from the bottom up. Dr. King understood that. It was those women who were willing to walk instead of ride

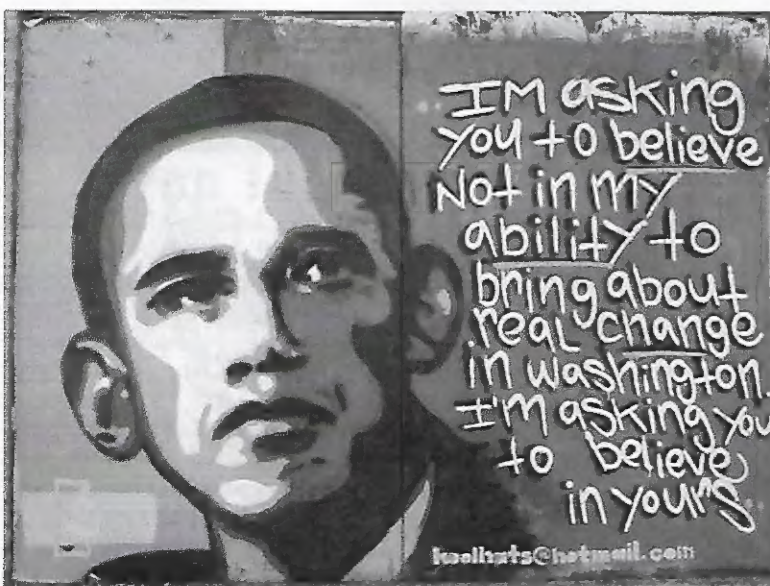
the bus, union workers who are willing to take on violence and intimidation to get the right to organize. It was women who decided, "I'm as smart as my husband. I'd better get the right to vote." Them arguing, mobilizing, agitating and ultimately forcing elected officials to be accountable. I think that's the key...

That's how we're going to bring about change. That's why I want to be president of the United States, to respect the power of the American people to bring about change.

Now that he occupies the top political office of the most powerful capitalist society on earth, Obama and his administration will have their own ideas about what change should look like, and what it shouldn't—and those ideas won't be the same as the millions of people who worked to get him elected.

But the most fundamental changes in society do happen from the bottom up. And it's up to the people who want to see that change to use all the opportunities presented to us in this new era of Barack Obama—to argue, to mobilize and to agitate.

from Socialist Worker in U.S.A.



Obama ran on a platform of grassroots change backed by a movement bigger than anything seen in the US for decades. But Obama was the candidate of big business, breaking all records in election spending

Colonial war drags on

The invasion of Afghanistan was allegedly justified on the grounds that the Taliban and Al Qaeda needed to be wiped out. But after seven years of brutal bombardment by the US led invasion, the Taliban continue to fight on. Bin Laden has not been caught.

The real aims of the US in Afghanistan is to maintain its military dominance over the World. The US has around 730 bases in 100 different nations.

According to DemocracyNOW new figures show Afghan civilian casualties rose to more than 2,100 last year. While President Obama won the election in part due to his opposition to the war in Iraq, he openly campaigned on increasing US troop numbers. He is currently preparing to send around 17,000 additional troops to Afghanistan later this year. He has also asked the UK to send 4000 additional troops. The US has also extended parts of the war to Pakistan.

Some serious questions need to be asked about the war in Afghanistan. As New Zealand troops are stationed there, it is important that the public thinks critically of the war. As Howard Zinn wrote "In Afghanistan, we declared 'victory' over the Taliban but [they are] back, with the attacks increasing, and our casualties in Afghanistan currently exceeding those in Iraq. What makes Obama think that sending more troops to Afghanistan will produce 'victory'? And if it did, in an immediate military sense, how long would that last, and at what cost to human life on both sides? Is our war in Afghanistan.... ending terrorism, or provoking it? And is not war itself terrorism?"

Yet even the mainstream media have begun to question the logic of the war. Time Magazine (11/12/08) called the war a "an aimless



Afghan security personnel attempt to retake the Justice Ministry in Kabul, after a Taliban attack on the capital on February 11, 2009. This audacious attack highlighted the Taliban's strength, as well as the weakness of the central government.

absurdity..... Afghanistan has been a slow bleed against an array of mostly indigenous narco-jihadi-tribal guerrilla forces that we continue to call the Taliban." The US led coalition has no more of a right to be in Afghanistan than the Soviets did.

Reece Wright

Occupation is 'corrupt from top to bottom'

Kim Howells, the former foreign office minister responsible for Afghanistan, has described the occupation of the country as corrupt "from top to bottom".

He said, "There are few signs that the chaotic hegemony of warlords, gangsters, presidential placemen, incompetent and under-resourced provincial governors and self-serving government ministers has been challenged in any effective way by President Hamid Karzai.

"On the contrary, those individuals appear to be thriving, not least because Karzai has convinced himself that he cannot afford to sack or challenge the strongmen who, through corruption, brutality, power of arms or tribal status are capable of controlling their territories and fiefdoms."

He warned that the British government's recent pronouncements on the war were "daft". "People will not accept the notion that British families should send their sons and daughters, grandsons and granddaughters to risk their lives fighting religious fanatics, tribal nationalists, corrupt warlords and heroin traffickers in one of the most godforsaken terrains on the face of the earth.

"The notion is daft, however much we may try to rationalise it by arguing that it is better to fight Al Qaida over there than over here."

This recent change of heart by one of New Labour's chief supporters of the occupation reflects growing unease over the Afghan war.

This week four British troops were killed in one day. Three Canadian soldiers suffered the same fate the next day, bringing to 280 the number of foreign troops killed this year.

Now the US is planning to push in 5,000 extra troops to help British soldiers drive back insurgents in the south.

This "mini-surge" comes as the US and its Nato allies are desperately attempting to open peace talks with sections of the Afghan resistance.

Simon Assaf for Socialist Worker U.K.



Get NZ troops out now!

There are currently 132 New Zealand troops serving on the thirteenth rotation in the Bamyán Province. Helen Clark justified New Zealand's intervention in Afghanistan on humanitarian grounds. It is unbelievable that people take this argument seriously. Next to nothing has been re-built in Afghanistan. Furthermore, are people really naïve enough to think that SAS troops are over there to build hospitals? After all, Corporal Willy Apiata, received the VC for "extreme bravery" under fire. The National led government has indicated that it is committed to the occupation. However, stationing troops in Afghanistan serves no useful purpose to increasing New Zealand's security. It is the price that the ruling class wants our soldiers to pay for a free trade agreement with the US. We must form a movement, to educate other members of the public, and to protest against this nonsensical war. We demand all foreign troops leave Afghanistan immediately.

Reece Wright

Israel: The Hijack State \$6

John Rose

Israel's "fight against terrorism" has been presented as a heroic struggle by a previously persecuted people against evil-eyed assassins and fanatics hellbent on murderous destruction of the Israeli state. However, the history of Israel suggests the opposite interpretation. The state of Israel was founded upon the expulsion of three-quarter of a million Palestinians from their homes. Israel's evolution has seen the increasing use of state terror on a monumental scale. This, combined with American backing for a militarization of its economy, has turned Israel into a ruthless outpost for Western domination of the middle east.

Capitalism's New Crisis \$5

Chris Harman

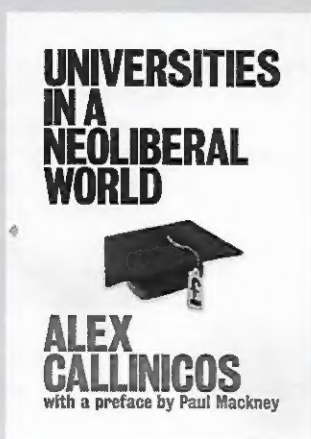
We are witnessing the greatest financial crisis since the Great Depression. Three decades of free market ideology are being torn up as governments step in to bail out their large banks. But is all this the result of the greed of the wall street bankers? Chris Harman shows how the roots of the crisis lie in a wider crisis of profitability across the whole of capitalism.



Venezuela and Revolution in the 21st century \$3

Joseph Choonara

Latin America is in the frontline of resistance to neo-liberalism, and Venezuela is at the heart of that rebellion. Hugo Chavez's call for 'Socialism in the 21st century' has inspired millions around the world looking for an alternative but has also raised many new questions: What dangers lie ahead? What role can Venezuelan workers play? And is Venezuela heading for revolution?



Prophet and the Proletariat \$6

Chris Harman

Chris Harman charts a course through the contradictions of Islamism, revealing its class roots and arguing that when the Islamists are in opposition the socialist attitude should be 'with the state never, with the Islamists sometimes'.

Universities in a neoliberal world \$6

Alex Callinicos

Universities are changing. Higher education is being harnessed to the interests of big business on an unprecedented scale. Those responsible claim this is justified by the needs of a 'Knowledge economy'. Alex Callinicos challenges these claims and examines prospects for resistance to the neoliberal transformation of our universities

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Terrible toll paid in Gaza

Israel declared a unilateral cease-fire Sunday after a 23-day onslaught on Gaza that left more than 1,250 Palestinians dead and more than 4,000 wounded. Among the dead are at least 280 children and 95 women, according to estimates by the Al Mezan Center for Human Rights, and there are 860 children and 488 women among the wounded.

Israeli Prime Minister Ehud Olmert claimed that the Israel Defense Forces (IDF) had waged an effective and successful campaign in Gaza.

"The conditions have been brought about that enable us to say that the aims of the operations have been reached," said Olmert. He said Israel "will consider withdrawing completely from Gaza at a date that suits us," on the condition that rockets are no longer fired from Gaza at southern Israel.

Olmert said that Hamas, the Islamist party that controls what exists of a government in Gaza, "has been dealt a very serious blow, both in terms of its military infrastructure and the infrastructure of its government. Many of its people have been killed. Its leaders are in hiding. The tunnels that armed them have been destroyed."

Twelve hours later, Hamas leaders declared their own cease-fire, but made full Israeli withdrawal from Gaza and the opening of Gaza's border crossings a condition of a full end of hostilities.

"We stress our demand that Israel withdraw its forces within a week and then open the crossings to humanitarian aid and various types of merchandise," read the statement from Hamas. Hamas spokesperson Fawzi Barhoum added, "A unilateral cease-fire does not mean ending the aggression and ending the siege...These constitute acts of war, so this won't mean an end to resistance."

As news of the cease-fire spread, Gazans who had fled the fighting returned to shocking scenes of destruction—overturned cars, torn-up streets, sewage running in the streets, leveled homes and still smoldering mosques and government buildings. Many bodies remain buried in homes flattened by Israeli tanks or strafed by air strikes.

In fact, the menacing sound of Israeli drones circling overhead, the churn of tank treads and the occasional crackle of gunfire were steady reminders that Israel's "cease-fire" hadn't ended the killing, and reports of Israeli attacks on civilians continued to pile up.

According to the BBC, "At least 1,600 people, displaced from their homes, were



At least 30 people, including children, were killed in an Israeli air strike on a United Nations-run school in the Gaza Strip according to Palestinian medical sources.

sheltering in a UN school in Gaza [Sunday] morning when it took a direct hit from an Israel shell. Two young brothers, aged five and seven, were killed."

A press release issued by the Al Mezan Center for Human Rights confirmed similar acts of aggression throughout Gaza. "Shooting and shelling from artillery batteries, tanks and naval vessels have occurred in various areas throughout the day," according to the release. "Israeli aircraft also launched raids on open areas. At 10:30 a.m. [Sunday], Israeli troops opened fire at civilians who were trying to reach their homes in Khuzaa village, east of Khan Younis. A man, 22-year-old Mahir Abu Irjila, was killed as a result. The victim and his family had evacuated their house and stayed in a UN shelter."

"Disproportionate" assault threatened

Israel announced it would continue to occupy positions in Gaza until it could be certain that no more rockets would be launched at towns in southern Israel, and warned that any such fire would be met with "a massive, disproportionate assault," according to Israel's Ha'aretz newspaper.

But the announcement of the "cease-fire" was

enough to draw praise from UN Secretary General Ban Ki-moon, who was meeting with European leaders at the Egyptian resort of Sharm al-Sheikh. "This should be the first step leading to the full withdrawal of Israeli troops from Gaza," said the secretary general.

But the terms of what was agreed to at Sharm al-Sheikh betray the complicity of the international community in the barbarism inflicted on the residents of Gaza

during the last three weeks.

Six European countries - Britain, France, Germany, Italy, Spain and the Czech Republic - agreed to supply soldiers and technological assistance as part of efforts, in alliance with Egypt and the U.S., to stop Hamas from transporting weapons into Gaza. No officials from these countries uttered a word of criticism of Israel's blatant disregard for civilian life and infrastructure.

Thus, there was no rebuttal to Olmert, who was also present, when he stated, "We did not want to hurt them or their children...They are the victims of Hamas."

Olmert and other Israeli leaders have regularly returned to this justification - that Hamas had it within its power to stop Israel's attack, but failed to do so - for unleashing the world's fourth most powerful military against the residents of Gaza, who lack even basic necessities, such as adequate food, medical supplies and electricity.

Prison colony

Three years ago, Israel unilaterally withdrew its military forces and settlers from Gaza, but remained in control of all traffic into and out of Gaza via land, sea and air - which is why many observers describe Gaza as the world's largest prison colony, with 1.5 million residents eking out an appalling existence in squalid refugee camps.

If Israeli officials really believed that the civilian casualties were "victims of Hamas," they wouldn't have been so concerned with barring reporters and photographers to suppress reports of the carnage in Gaza from the military's punishing assault.

Nevertheless, enough reports did leak out to spark massive protests - across the Middle East, and throughout Europe and the U.S. These protests were not only larger than previous demonstrations in support of the Palestinian struggle for self-determination, but they were also accompanied, especially in the U.S., by a significant increase in polls showing opposition



Why Jews should oppose Zionism

A history of oppression has meant that the Jewish people have long been at the forefront of anti-racist struggle.

Activists like Joe Slovo and Ruth First not only criticised apartheid: they sided with the oppressed population and joined the ANC. Today anti-racist Jews must struggle against the apartheid which defines the state of Israel.

To describe Israel in these terms is not hyperbole. The apartheid wall in the West Bank is so named because it imprisons the Palestinians in small, disconnected parcels of land that can never be the basis of a viable state. In South Africa, these "homelands" were called Bantustans. Gaza is another such Bantustan.

Jews historically have had to struggle against violent oppression. The holocaust, in which 6 million were murdered, was the culmination of the long tradition of anti-Semitism that was fostered by Europe's rulers for generations. Our history is not merely one of suffering, but also resistance. Heroically, the Jewish Resistance in the Warsaw Ghetto held out against the Nazis for longer than the entire Polish Army.

Today, Israel terrorises the Palestinians. In Gaza, schools, ambulances and mosques were deliberately targeted. It is a perversion of our history that a state which claims to act for Jews would attack a civilian population with white phosphorous bombs that burn people's bodies long after they are dead. Jews have a responsibility to proclaim our solidarity with the Palestinian people. After all, our own history should make us uniquely sympathetic to those who suffer and who resist oppression.

We know what it is like to be deemed the "wrong kind of people"; to be denied entry to a country because of our ethnicity. Masses of Jewish refugees fleeing the Nazis were turned back because countries like Britain did not want too many people of our heritage. Today, Israel considers the Palestinians to be an undesirable



Marek Edelman, last surviving leader of the Warsaw Ghetto's Jewish Fighting Organisation.

Edelman, a Polish Jew and lifelong socialist, helped lead the first uprising in Nazi-occupied Europe. He infuriated the Zionist leadership when he condemned the jailing of a Palestinian leader in a letter to the "commanders of the Palestinian military, paramilitary and partisan operations - to all the soldiers of the Palestinian fighting organisations", making it clear that Edelman sees the Palestinian resistance as the heirs to the heroic resistance of the Warsaw Ghetto. Edelman managed to escape thanks to comrades in the Polish resistance. He remained politically active, playing his part in the Solidarity trade union movement that toppled Stalinism.

people. Israel seeks to be a Jewish state with a solid Jewish majority. That is why nearly one million Palestinians were ethnically cleansed from their homeland in 1948 when Israel was established. That is why the millions of Palestinian refugees who still languish in camps in the region will never be granted a right of return, while any Jew can move to Israel and is encouraged to do so. And why the sizeable and growing Arab minority within Israel are a "demographic timebomb". Only the wilfully blind could deny that the Israeli state is inherently racist.

Zionism is not Judaism

Zionism - that is, support for a specifically Jewish state in historical Palestine - is a political doctrine. It has never been a necessary or automatic component of Jewish identity. It does not make you a traitor to Jews to oppose the idea of a Jewish state that discriminates against other races and religions. There is nothing anti-Semitic in calling for a secular, democratic state in all of historical Palestine, with equal rights for Jews and non-Jews.

Undoubtedly many anti-racist Jews are uneasy about what Israel does. Yet too few of us actually take a stand against Israel. The fence-sitting and prevarication does nothing to build resistance to Israeli atrocities. Anti-racist Jews can play an important role in the struggle against Israel's atrocities, by undermining the ludicrous notion that championing the rights of the Palestinians is anti-Semitic.

Israel is also a weapon of American imperialism,

which seeks to dominate the oil-rich, strategically important Middle East. Hence the US provides more aid to Israel than any other country, ensuring that Israel has easily the region's strongest military capability. In the words of one former US General, America's investment in Israel provides it with an "unsinkable aircraft carrier", and is "worth five CIAs".

US attack dog

This why there is no pressure, either internal or external, that will alter what Israel is - a racist state built on stolen land, and an attack dog for the US. Even in the unlikely scenario that Israel let the Palestinians call their Bantustans a state, this would not stop Israel from attacking or re-invading as it has done repeatedly to Lebanon.

There has always been radical internationalism among Jews embodied in people like the revolutionary Marxists Rosa Luxemburg and Leon Trotsky, who rejected Zionism because it was an imperialist project. And also Marek Edelman, who fought the Nazis in Warsaw. Edelman wrote an open letter in 2002 condemning the jailing of a prominent Palestinian leader. The Israeli establishment were infuriated that the letter was addressed to the "commanders of the Palestinian military, paramilitary and partisan operations - to all the soldiers of the Palestinian fighting organisations". Edelman consciously used the terms that described the structures of the resistance movement in Warsaw. As Edelman suggests, the legacy of the Warsaw resistance is today embodied in the Palestinian groups who resist occupation.

Patrick Weiniger

to Israel's attack.

It will be up to activists in the U.S. and elsewhere around the world to seize on the enormous outpouring of sympathy for Israel's victims in Gaza to build a sustained movement against the apartheid conditions facing Palestinians.

In the words of Haidar Eid, a Gaza resident who helped to spearhead a call for an international movement to sanction, boycott and

divest from Israel, Israel's attack on Gaza could be "the Sharpeville Massacre in 1960, when 69 Blacks were killed by the white racist regime of apartheid South Africa." As he said in an interview with SocialistWorker.org last week:

"This massacre gave rise to the [divestment] campaign against apartheid South Africa, which ultimately led to the release of Nelson Mandela in 1990 and his election as the first Black president of multicultural, multiracial, secular,

democratic South Africa as we know it now.

"Gaza could be the spark that could initiate a different "new Middle East" than what Condoleezza Rice talked about in 2006. She meant a "new Middle East" characterized by American and Israeli hegemony. What I'm saying now is that I can see the birth pangs of a new Middle East characterized by the end of despotic, dictatorial pro-American regimes."

Why protest?

Last month Dunedin held its own protest in support of the people in Gaza. James Gluck speaks to protest organiser Sam Macdonald.

Politically, what was the point of creating Gaza - a small part of Palestine on the other side of Israel? I.e. the 1947 partition plan.

Gaza is an area of Palestine that was assigned to the proposed Palestinian state in the 1947 UN Partition Plan. The partition plan was based roughly around the geographic concentrations of Arabs and Jews in 1947. The proposed territory of Palestine was almost entirely inhabited by Arabs (or some other non-Jewish ethnic groups). However the proposed Jewish state was only about 55% Jewish. This is one of the main reasons Arabs were so opposed to the partition plan, because they could foresee that they would be the ones who would be forced off their land.

But those same Arabs didn't believe in a single, peaceful state, did they?

I honestly am not sure about the general opinion of the Arab leaders at the time. I think they knew that many Jewish (especially the more radical elements such as the Lehi) were planning to expel the Palestinian population from greater Palestine.

This is a common motive of most of the Israeli governments since the nation's creation. Do you believe that the recent Gaza invasion is a deliberate continuance of this policy, and if so, why?

It is difficult to tell, but the stronger Zionist aim of expelling all non-Jews from all of Palestine is still a major current in Israeli politics. The Likud party is the part of this lineage, and many of the members of Kadima are from Likud. I think the policy of making life so miserable for the Palestinians that they leave, can be seen in Gaza. But I think Gaza is deemed of secondary importance to the west bank. In 2005 Israel abandoned the direct policy of occupying Gaza with settlements, and focusing its efforts on expanding its settlements in the West Bank. The prize for Zionists is the West Bank, while Gaza is seen by many as too much of a hassle. I think this is why the Israeli government is trying to hand the suppression of Gaza over to the Egyptian regime. It has been relying on Egypt since the victory of Hamas in 2006, but is trying to make more concrete deals at the moment.

The Gaza invasion was met with anger and protest throughout the world. But realistically, outside of the US, what steps can protest movements take to have any influence over Israel?

There are several paths proposed for how to act. Obviously one is armed resistance, but that is not even a question for those outside Palestine. The other is a soft power approach involving sanctions, embargoes and boycotts,



Small-scale protests against the Christmas bombing of Gaza, like this one in Wellington, took place throughout New Zealand. Building these demonstrations is essential as Israel is becoming more savage in its reprisals against Palestinian resistance.

in an attempt to turn Israel in a Pariah state, like Apartheid South Africa. While I support these endeavors, I only do so as a way of influencing public opinion, by making people thinking this is a serious issue, because others are going so far. There is a major difference between Apartheid South Africa and Palestine. For one while Apartheid was a brutal system, its economy relied on the Black workforce; it could punish and kill them, but was never trying to ethnically cleanse South Africa. In Palestine the aim of many Israeli leaders is to ethnically cleanse the area. In other words the violence they can inflict on Palestine is infinite. The other major difference is the role of the two countries in terms of US Imperialism. South Africa was an important tool for the US in southern Africa, but southern Africa is not the Middle East. The role of Israel is to be a watch dog for the US in the world's most strategically and materially (resources) important region. The fight to force the US to embargo Israel is going to be infinitely harder than South Africa; in fact I would say it is impossible without a major revolution in American politics or if the US ceases to be a Super power. The real solution will come from the workers and students of the Arab world. The solution will come from revolt in Cairo to overthrow Mubarak and install democratic rule. The Arab beaougosies and leadership is as much responsible for the plight of the

Palestinians as Israel. Our role on the other side of the world should be to build solidarity and support with Arab workers and students.

Pro-Zionists say Hamas is too dangerous to leave in peace. While they are the elected government of the Gaza Strip, they have a very violent militant wing. Do you believe we should be in solidarity with them?

While I do not condone the rocket attacks on civilian targets, even though this is very pretentious of me, is this sort of conflict you can't just say "both sides are bad: therefore I will sit on the fence". Sitting on the fence means that far more people will die and the overwhelming majority will be Palestinian and Israel will be even stronger. To many people the argument that both sides are bad seems reasonable, but the consequences of it are not. The question should be what the real problem is. The majority of the people in Gaza are refugees or the decedents of refugees, mainly from what is now southern Israel. They are living in an area not much bigger than the Otago peninsula. They have been bombed, humiliated, starved, and terrorized for 60 years. No matter how much they protest the leaders in the region and in the world do nothing. So when some of them decide to fire rockets, at what in many cases was their own land, are they the problem, or is the problem the state occupying their land?

What do we mean by socialism?

Socialism is not just a more compassionate elected government. It's not just capitalism with its worst horrors modified by reforms. Socialism is a completely new society without classes, where human need and not profits govern production.

Capitalism is a system of obscene inequality, where wars are commonplace and oppression is rife. While thousands starve, Bush spends \$350 billion annually on wars. While Howard sheds crocodile tears for tsunami victims, he forcibly deports Sri Lankan refugees back to their devastated country.

The horror of capitalism stems from class divisions: a minority of the rich and powerful (the ruling class) control the wealth and resources, while the majority (workers) are exploited in order to further enrich those at the top.

Socialism, on the other hand, is about everyone participating in the fundamental decisions about how society will be organised, with access to resources determined on the basis of need, not power and wealth.

Sounds nice but utopian, right?

Socialism can seem impossible, especially when oppressive regimes - like Cuba, China and the old USSR - claim to be socialist. These countries all have or had monstrous governmental machines, ruling their populations with an iron fist. These repressive regimes have nothing to do with socialism; the language of Marxism simply serves as a propaganda tool to justify repression. The fact is that we live in a capitalist world without one socialist country in it.

But don't despair, revolutions happen more often than you think - and every one shows the potential for socialism.

The working class is key to this process. The nature of work under capitalism means that workers already have to co-operate to get anything done - as any production line clearly illustrates.

This is especially true when it comes to fighting for better conditions. A worker who goes on strike alone will achieve nothing other than victimisation. On the other hand, a workplace that has everyone united on strike is in a strong position. Workers therefore have a material interest in organising collectively in their workplaces.

This need for cooperation encourages democratic organising and frequently undermines the divisive prejudice fostered by the bosses in society. After all, how can you organise effectively if non-whites, women or gays are excluded?

Unfortunately, we don't see many inspiring



examples of workers fighting back today, but the highpoints of struggle in the past give an inkling of exactly what is possible in the future.

Frequently without much warning, working class uprisings have given rise to rapid and explosive breakthroughs in democratic organisation and left-wing ideas. These uprisings, and the forms of organisation that spring from them, give us the best glimpses of what socialism would look like.

Glimpses of socialism

The Russian Revolution of 1905 saw for the first time an inspiring form of workers' organisation called a soviet (council). Soviets, the most democratic organisations ever seen, sprang out of the need to coordinate the struggle. They consisted of delegates elected from different workplaces. Delegates didn't stand above other workers, but worked alongside them with the same wages and conditions. They were immediately recallable and accountable at any time.

These workers' councils didn't die with the 1905 revolution - similar organisations have sprung out of revolutionary workers' struggles over the last hundred years: in Italy in 1920, Japan in 1945, Hungary in 1956, Portugal in 1974, Iran in 1979 and Poland in 1980.

The struggle for socialism and workers' control is not just abstract theory and wishful thinking then - there are examples throughout history. In every case, workers' councils have had the potential to organise not only

workplaces, but the whole of society. It is this form of participatory workers' democracy that is the basis for socialism.

The best example is the Russian Revolution of 1917, when workers overthrew the capitalist government and replaced it with their own state (based on the soviets). Soon workers began to show what socialism would look like. Before Stalin's counter-revolution in the 1920s, all sexist, racist and homophobic laws were abolished; women had free, legal abortion on demand; communal cooking and childcare were introduced; all laws about sexuality were abolished; countries formerly oppressed by the Russian Empire were given autonomy.

Unfortunately, every workers' revolution has been eventually defeated. But the glimpse of how workers can begin to reorganise society points to what socialism could be.

George Orwell's description of revolutionary Barcelona in 1936 gives us one of those glimpses:

"It was the first time that I had ever been in a town where the working class was in the saddle. Practically every building of any size had been seized by the workers and was draped with red flags ... Every shop and café had an inscription saying that it had been collectivised ... Waiters and shop-walkers looked you in the face and treated you as an equal ... revolutionary posters were everywhere ... I recognised it immediately as a state of affairs worth fighting for."

Ruth Braham

Do we need a new Keynesian era?

"We start 2009 in the midst of a crisis unlike any we have seen in our lifetime - a crisis that has only deepened over the past few weeks. ... If nothing is done, this recession could linger for years. In short, a bad situation could become dramatically worse."

In this speech to state governors and mayors in early January, Barack Obama was not exaggerating. In 2008 more American jobs were lost than at any time since World War II - the figure is nearly 2 million and rising daily. Millions have lost their homes and shanty towns mushroom on the fringes of the big cities as the ranks of the homeless continue to swell. Many financial institutions have closed their doors, and manufacturing is at a 28-year low, with businesses large and small going to the wall.

Made before his inauguration (such a departure from tradition underlining the gravity

of the crisis), Obama's speech was designed to push the incoming Congress to accept his stimulus package. He plans to spend an ever-increasing sum - \$US800 billion at time of writing, but it could well go higher - in an attempt to revive the US economy, and warns that unemployment could soar past 10 per cent if his spending program is rejected.

Obama appealed to Democrats and Republicans alike to "put good ideas ahead of the old ideological battles" and support his program.

But what are Obama's "good ideas"? Do they really represent an ideological alternative to the disaster that this crisis of capitalism has unleashed on the working class in the US and around the world? And can they work? To answer these questions, we need to review some economic history.

Every time capitalism gets into serious trouble, those who run the world and their apologists thrash around for solutions. The monetarist Milton Friedman was regarded as a crank in the 1960s. But following the onset of world recession in 1974, his ideas found an audience and were widely taken up. Friedman won a Nobel Prize and was feted as a hero by world leaders.

For three decades, the ideology of the market

and neoliberalism reigned supreme, as conservative and social-democratic governments alike slashed spending, privatised and deregulated anything that moved and introduced austerity programs to drive down workers' living standards. This was supposed to restore profitability - which it did, up to a point, and to reward workers for their sacrifices as the wealth "trickled down" to create jobs - which it didn't. Instead unemployment remained high in many countries and there was a huge transfer of wealth from poor to rich.

Now, with capitalism plunging into another crisis, its worst since the Great Depression of the 1930s, the pendulum has swung again. Now it's neoliberalism that's discredited and Keynesianism that's being touted as the panacea.

Keynesianism

Obama's stimulus package includes such measures as major infrastructure projects, job creation programs and tax cuts for the less well-off. This is sometimes called "pump-priming" the economy - to get it going again by giving capitalists the confidence to invest and create jobs and ensuring that workers are well-off enough to maintain demand for commodities.

Such programs fall under the umbrella of Keynesianism -

named after John Maynard Keynes, one of the most prominent bourgeois economists of the twentieth century. Developed largely in response to the crisis of the 1930s, Keynesianism displaced laissez-faire capitalism (which has much in common with neoliberalism) as the dominant economic orthodoxy in the Western world until the 1970s.

Keynes came from a privileged and wealthy background; he was educated at Eton and became an academic at Cambridge University. In the 1920s, he acquired a reputation as a radical with his critique of the economic establishment. But Keynes was no anti-capitalist; he boasted that he had never read Marx. Rather his purpose was to save capitalism from its own destructive tendencies and make it work. He was a key player in the 1944 Bretton Woods conference that gave us the World Bank, the IMF and the WTO, and he was eventually made a peer for a lifetime of service to the British ruling class.

The publication in 1936 of Keynes's major work, the General Theory of Employment, Interest and Money, was very timely. It provided a theoretical underpinning for a process that was well underway in the world economy. The Depression had forced governments everywhere

to intervene directly in economic life. In the US there was a major program of government spending under Roosevelt's New Deal.

Keynes argued that an economy based on money and the unregulated anarchy of the market was always liable to break down. When capitalists stopped investing, closures and sackings and a fall in production followed. Workers on the dole - or with no income at all - were often unable to afford even the bare necessities of life. So demand for all sorts of products slumped, leading to more closures and sackings in a vicious downward spiral.

For Keynes this underconsumption was key to the problem, and such crises could be avoided by governments intervening with the right policies. Like all bourgeois economists, he rejected Marx's argument that this type of crisis is both endemic and necessary to capitalism.

In a recession, some businesses go broke, giving other capitalists the opportunity to buy cheap assets. Mass unemployment allows employers to go on the offensive, cutting wages and conditions. Eventually investment gets going again, workers are employed, demand is stimulated. The more inefficient capitalists are weeded out and profit rates rise. The system is thus cleaned out, laying the basis for a boom.

But this is an anarchic process. As economic signs begin to improve, more capitalists rush to invest, competing for a share of the market. But because no planning goes into production, you soon get overproduction - not in terms of human needs, but because there are too many goods on the market to be profitably sold.

Meanwhile, because of the rise in demand, prices of raw materials start to climb, and workers have more confidence to demand higher wages. Overproduction sparks price wars as big firms try to drive their competitors out of business. Then some of those who've borrowed heavily to finance expansion go bankrupt and before you know it we're in recession again. This cycle is not just a theoretical construct, it has occurred with almost predictable regularity for most of capitalism's history (the exception is discussed below).

Like all bourgeois economists, Keynes never understood why fluctuations in the level of investment occurred. At one time, he blamed the operations of the financial markets, bankers and speculators for pushing up the rate of interest and thus cost of borrowing. But the Great Depression knocked that theory on the head. No matter how cheap money was, firms would not borrow to invest when faced with stagnant markets and no prospect of making a profit on their extra investment.

Another time he toyed with the ludicrous notion that the captains of industry periodically experience waves of optimism - leading to investment and a boom - or pessimism - leading to contraction and a slump.

The Marxist theory of crisis

Marx argued that capitalism goes into crisis because over time, there is a tendency for the

rate of profit - the return that capitalists get on their investment - to fall.

Capitalism is a competitive system, with every firm trying to get the edge on its rivals. The capitalists need to be able to undercut their competitors' prices. To do that, they have to be able to produce more cheaply. Obviously they try to reduce costs wherever possible - mainly by keeping wages down. But major productivity gains only come from investment in technology. A machine that can churn out twice the number of goods with half the number of workers is going to deliver a competitive advantage.

The first to latch onto a new process will make a killing. But then others will be forced to invest in the same process in order to keep up. Before long, everyone has it and the competitive advantage is lost. What's more, industrial "state of the art" doesn't last long. Soon someone invents an even more efficient process, forcing everyone to retool and reorganise production.

Because of competition, prices have to be kept as low as possible, so they fail to keep up with the rising costs of investment in raw materials and machinery. And there's another, deeper problem. It's only labour that creates new value, so as the proportion of outlay on machinery increasingly outstrips investment in labour, downward pressure is exerted on the rate of profit. A firm may be making megabucks, but if the profits represent only a small return on their investment, the actual amount is irrelevant. Those with money to invest may be able to get a better return on property or share speculation, as we have seen in recent times. This is of course a useless, parasitic activity compared to producing goods that people actually need, but under capitalism it's profit that matters, not human need.

It's simple really: capitalists will invest when they think they'll get a good return, and not otherwise.

Because Keynes didn't understand that crisis is actually necessary to the system - to clear out the dead wood and restore profit levels - he thought it could be circumvented. When the economy started to slide into recession, Keynes said, governments should intervene, pumping money into the economy to push up demand. This would require deficit financing, but the extra spending would reflate the economy. Rising demand would encourage private capitalists to invest and take on more workers and a slump would be avoided.

There are however several problems with this. Firstly, inefficient capitalists are propped up, acting as a drain on the economy as a whole and putting pressure on profits. Secondly, deficit financing leads to unacceptable levels of government debt if they borrow, or to inflation if they just print money. There's also the danger that pushing up demand will suck in imports and cause problems with the balance of payments. Thirdly, governments can't actually force private capitalists to invest. In fact, big business is much more able to exert pressure on government than the other way round. And of course, no individual government can control the world economy, which is divided into competing national chunks. There is no world state which could regulate the system as a

whole, so what any individual government can do on the domestic front is limited.

None of this was a problem during the long post-war boom of the 1950s and 1960s. The system was expanding and governments didn't need deficit financing. But while that unprecedented boom was underpinned by massive

government spending, it was a very particular type of spending - arms production.

Though politically necessary, in economic terms arms are a complete waste. This was actually a good thing for capitalism during the post-war boom. Arms spending meant that vast amounts of capital were taken out of circulation, rather than piling up within the system. By diverting resources away from accumulation, arms spending slowed down the tendency of the rate of profit to fall.

No one actually intended this or worked it out as a theory. It was an accidental by-product of the Cold War, but it seemed to confirm the ability of Keynesian policies to avoid slumps.

The failure of Keynesianism

However, the effect of this "permanent arms economy" was temporary. It's estimated that between the mid-1960s and mid-1970s, profit rates in most countries fell by about half.

Then along came the 1974 recession, and governments automatically started pumping money into the economy. To their dismay, it didn't work. In fact, things got worse with the appearance of a phenomenon that wasn't supposed to be possible: stagflation, i.e. stagnation (lack of investment and economic growth), accompanied by rampant inflation.

With inflation and debt going through the roof, governments of all persuasions turned to monetarism: spending programs were slashed and industrial production in the West fell by about 13 per cent. We were back on the boom-slump rollercoaster with a vengeance. The Keynesian mantra of government spending gave way to the neoliberal mantra of government spending cuts.

But despite the apparent differences in the two approaches, they have a common purpose.

Socialists welcome increased government spending on health, education, social welfare, public transport and so on. But this is because we are for raising working class living standards, not because it's a way of fixing the economy. Similarly, when we support nationalisation of industry and government regulation, it's because privatisation and deregulation usually lead to cuts in jobs and



EACH SLUMP GETS DEEPER...

services, attacks on unions and so on. Moreover, struggles around these issues can build workers' confidence to challenge the system's priorities more fundamentally.

Keynesians are coming from a different perspective. To the extent that they appear pro-worker, it's because impoverished workers are unable to consume enough to stimulate investment and keep the system healthy. They are also acutely aware of the potential for resistance if the working class refuses to make the sacrifices demanded of them. Keynes himself defended his policies as "the only practicable means of avoiding the destruction of existing economic forms in their entirety."

Keynesianism often gets the credit for ending the Great Depression, but this is a myth. It was the preparations for war that were most important factor in reviving investment, and the destruction of huge swathes of capital during the Depression that laid the basis for the long boom that followed the war.

It is too early to predict how effective Keynesian measures will be in the current crisis. But workers shouldn't be too optimistic.

Barack Obama has handpicked former champions of neoliberalism - such as Paul Volcker, former head of the Federal Reserve - to oversee the US economy. The fact that these people are now equally vociferously singing the praises of Keynes tells us a lot. Last year's massive bailouts of banks and businesses indicate where their priorities lie. And for all the gloom, they see a longer-term benefit in using state spending (i.e. workers' taxes) to lay the groundwork for reindustrialisation, giving US capitalism an opportunity to reclaim its dominant position in the world economy.

We live in a world divided into competing economic blocs and competing interests, therefore by definition a world in which a co-ordinated and co-operative approach to economic crisis is impossible. Keynesianism isn't an alternative to neoliberalism; it's just a different strategy for attempting to deal with capitalism's problems. For workers, the problem is capitalism itself.

Tess Lee Ack

Growing rebellion shakes world rulers

The headlines say it all.

"European governments tremble as anger spreads" (The Age); "Buckling Europe fears protests may spark a new revolution" (Telegraph); "French government fear rise of the left" (BBC).

As the harsh reality of the global economic crisis begins to bite, workers across Europe have begun to fight back, sending the collective blood pressure of the ruling classes through the roof. Protests, riots and strikes are becoming a common occurrence, with every action inspiring and reinforcing the next.

Greece

It was Greece which kick-started the growing resistance sweeping the European continent. Since December, Greece has been rocked by riots, strikes and protests against the right-wing government of Costas Karamanlis. The detonator for the struggle was the police shooting of 15-year-old Alexandros Grigoropoulos. Anger over the killing fused with the discontent in Greek society over job cuts, low wages and lack of opportunities.

Showing immense determination and staying power, these protests are set to continue into February, with civil servants planning a strike for February 25.

Adding to the pressure on the government is the action of Greek farmers, who have joined the unrest by blockading the main crossing to Bulgaria, paralysing shipping operations to Crete and attempting to drive their tractors into central Athens, to protest the low prices paid for their produce and to demand subsidies.

The scale, intensity and longevity of the Greek protests have deeply worried governments throughout Europe. They are right to worry.

France

On 29 January, in the biggest protests in France in over a decade, 2.5 million public and private sector workers took to the streets in 200 cities and towns across the country.

The national strike saw air traffic controllers, train drivers, teachers and nurses join postal workers, bank clerks and car workers to protest against unemployment, rising living costs and the destruction of health care and public education. A focus for the strikers' anger was President Nicolas Sarkozy's multi-billion dollar bailout of the banks. In Paris, the parade was led by people carrying an effigy of a donkey in a dunce's cap with the slogan "€36bn for the bankers and we get screwed".

As the CGT, the largest union federation, wrote: "Hit hard by an economic and financial crisis for which they are not responsible, workers refuse to be the crisis's first victims."

Last year Sarkozy pushed through state pension cuts and dismantled the 35-hour week. But his "reforming" zeal has shown signs of



December 18, thousands of students from high schools and universities demonstrated towards the parliament despite the heavy rain, protesting the anti-peoples policy and the state repression, and denouncing the murderous attack against a student syndicalist. The demonstration was organized by the Athens Coordination of Secondary School Students, students' unions and PAME. Similar rallies were held in several cities of Greece.

faltering. Last month, nervous that the Greek protests would inspire emulation by French students, he shelved a contested high school reform plan after students staged street protests.

In the aftermath of the national strike, which was supported by 69 per cent of the population, Sarkozy has remained uncharacteristically tight-lipped, concerned not to further inflame anger. But he is fighting a losing battle. As protest organiser Stéphane Borras put it: "We are seeing a radicalisation, perhaps the beginning of a very big movement... Inequality is growing in Europe and inequality is always the cause of revolt."

Ireland

Displaying workers' preparedness to fight for their jobs, workers at the Waterford Crystal factory in Ireland occupied their plant on 30 January.

As the prosperous "Celtic tiger" tumbled into recession mid last year, factories began shutting their doors and unemployment soared to record levels within months.

When its parent company went into receivership on 5 January, the receiver attempted to close down Waterford Crystal, announcing that 480 out of the 700-strong workforce would immediately lose their jobs.

Angry at being thrown on the scrap heap, over 400 workers stormed the historic plant to keep it open, and hundreds are still occupying the premises as we go to print. Food parcels and blankets have been provided by the local community and to connect with the long tradition of struggle in the Irish labour movement, the Starry Plough - the flag of Irish socialist James Connolly - has been raised over the plant.

Within 24 hours the occupation had forced talks between the unions, the government and the receivers. One worker from the occupation said, "If the private sector won't keep open the plant, then it should be nationalised." The actions of these workers are an important lesson for all of us - that it is only by fighting for our rights, not depending on the good graces of governments or companies, that we have any hope of turning the situation around.

Iceland, Baltic Countries and Eastern Europe

Particularly concerning for the European ruling class are the so-called "emerging markets" such as Iceland, Latvia, Bulgaria and Romania. While major industrial nations like France have enough resources at this point to stave off financial collapse by bailing out their banks, the "emerging markets" face going or are bankrupt.

The crisis has already claimed its first government. In Iceland on 23 January protests forced the resignation of Prime Minister Geir Haarde along with his whole cabinet. For months, demonstrations shook the once tranquil streets of Reykjavik after their fast-expanding banks collapsed under the weight of foreign debt in October 2008.

Protesters gathered around Iceland's parliament calling on the government to resign, while others surrounded Haarde's black limousine, pelting it with eggs, cans and snowballs. To break up the protests, police used tear gas. But the demonstrators refused to be intimidated and eventually Haarde's government fell.



Thousands of workers on strike shout slogans and show banners during a rally in Paris, France, 29 January 2009.

In Latvia, Lithuania and other countries in the former Eastern bloc, there's been regular rioting, as well as the largest demonstrations since the fall of the Stalinist regimes in 1989-91. According to political commentators in the region, Eastern Europe is heading for a violent "spring of discontent". Destabilising the region is the explosive cocktail of expectations built on a decade of double-digit growth rates crashing up against the cruel disappointment of the recession, soaring inflation and rising unemployment.

For increasing layers of people in Eastern Europe, their illusions in the free market as the answer to "Communism" - as those brutal, dictatorial state capitalist regimes called

themselves - are beginning to crumble. As Socialist Alternative has always argued, we need a radical alternative to both barbaric models of capitalism. We need to fight for genuine socialism, which gives workers democratic collective control over both economic and political life.

But the anger at the crisis is not just generating positive responses collective mass action against governments. Throughout Eastern Europe attacks on the Roma, gays and lesbians and migrants are on the rise. These reactionary politics are fostered and encouraged by governments seeking to distract attention from the real culprits for people's misery - themselves and their corporate friends.

It is a salutary reminder that if a credible alternative based on working class unity isn't offered, the discontent and despair produced by the crisis can lead to the targeting of scapegoats and the rise of racism. However at this stage the anger at the economic crisis has not led to a major resurgence of the far right in Europe. Rather, it is the politics of the left that are finding a larger audience.

China

The growing resistance is not confined to Europe. With China hurtling towards recession, protests and riots are sweeping the country.

To give just a snapshot of the unrest. Along China's coastal economic zone, there are reports of workers storming government buildings after factories closed without paying wages. In southern China, to protest against a pay cut imposed by managers, hundreds of workers blockaded a highway. In the southern province of Guangdong, striking textile workers fought pitched battles with security guards. In northern China 6,000 workers occupied a textile mill.

The situation is set to become more explosive as millions of rural migrant workers return to the cities after celebrating the Chinese New Year, to find they are out of work. It is estimated

that 25 million migrant labourers will be jobless this year. Adding to the flammable tinder are the tens of thousands of university graduates without any job opportunities. We should expect many more struggles to rock China in the near future.

Even the Chinese authorities have conceded this. In an unusually candid article published by the state-run Xinhua news agency, senior reporter Huang Hu wrote: "Without doubt, now we're entering a peak period for mass incidents. In 2009, Chinese society may face even more conflicts and clashes that will test even more the governing abilities of all levels of the Party and government."

The article also stressed that the protests were increasingly politicised, making it harder for officials to douse them by force or cash hand-outs. "Social conflicts have already formed a certain social, mass base so that as soon as there is an appropriate fuse it always swiftly explodes and clashes escalate quickly."

We need a revolution

We are still only in the early phases of this systemic economic crisis. The struggles breaking out across Europe and China and the emergence of a new, more confident left are amazing developments. They should inspire anyone who wants to resist the attempts by governments and corporations to further subordinate our lives to their pursuit of profit.

But we need to do more than just reject the mantra of governments around the world calling on workers to accept wage restraint, individual responsibility and sacrifice. In the huge battles that lie ahead, battles which will define politics in decades to come, we need to go beyond the immediate tasks of defending our living conditions. This crisis makes it clear that, if we want to live in a world where our lives are no longer trampled on, we need to fight to overturn this whole rotten system.

Liz Walsh

Join the Struggle

Socialist Review is a magazine produced by the International Socialist Organisation Aotearoa. It aims to provide quality political analysis that represents the interests of the working class majority in New Zealand. But unlike "alternative" media sources, we don't aim simply to provide an "antidote" to the corporate lies, imperialist wars, oppression and inequality that dominate the global landscape; we aim to put them into historical and economic context, to draw links between the various issues and the global capitalist system, and analyse what they mean for ordinary working people and the working class movement, both at home and abroad. To do this we try and maintain a healthy balance of domestic and international issues.

We also practice what we preach, and support the working class movement whenever we can, with the long-term aim of building an organisation that can provide the working class with political leadership in times of upheaval. If you're interested in our politics and want to know how you can get involved, please phone or text 027 606 9549 or email: contact@iso.org.nz or visit our website: www.iso.org.nz

Dunedin stadium: White elephant

As the effects of the economic crisis start to be felt around the world, governments have universally responded by handing over billions of taxpayer dollars to banks and big business in the form of "stimulus packages".

In almost all cases this has been against the collective wish of the people these governments claim to represent. The proposed Awatea Street stadium is the first in what will undoubtedly be a wave of bailout packages for the already wealthy.

The misinformation that have made up the stadium proponents' campaign is well-documented. This stadium will never be completed for the \$188 million figure often given as the 'definite maximum cost'. Millions of ratepayer dollars have been poured into the Carisbrook Stadium Trust for "consultancy" and "research". Millions more have been frittered away for the purchase of land with no real accountability or transparency.

This is the exact same method that has played out in the United States within the last year. Phenomenal sums of money have been dropped directly into a few rich people's pockets, as 'golden parachutes', and 'bonuses'.

Dunedin is already massively in debt. We have a chronic sewage problem on our beaches. Heavy rainfall can force sewage back onto our streets due to dilapidated stormwater systems. The city's library system is underfunded.

These are just a few of the countless projects

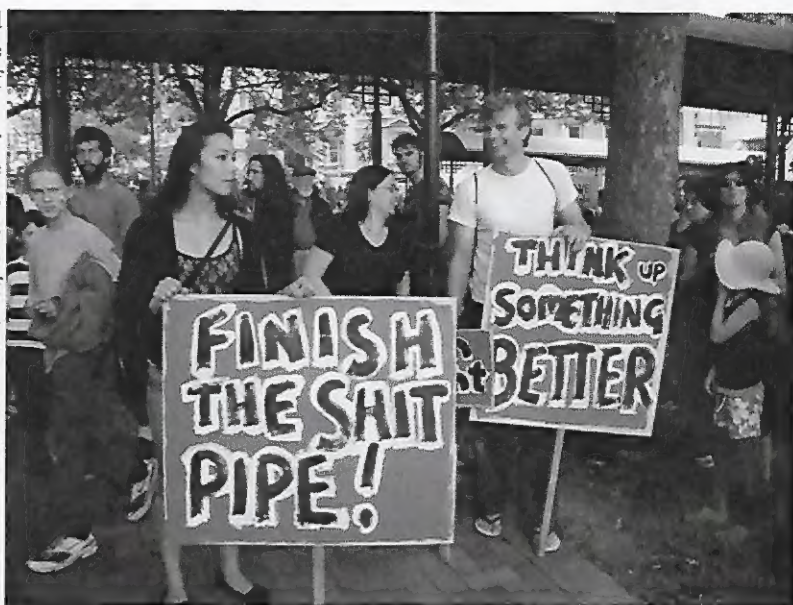
which would actually benefit the working people of Dunedin.

Instead Mayor Peter Chin and the majority of his fellow councillors are signing us up for hundreds of millions debt for a project which is highly unlikely to provide real economic benefits, let alone social benefits.

Malcolm Farry and his cronies have seen the future, and it is bleak. The closing of Fisher & Paykel and Wickliffe Press, not to mention the downsizing of Cadbury is but a taste of what is to come. Across the United States, Britain, Australia and innumerable other nations, businesses are forced to close. They leave hundreds of thousands, without jobs. The people who own these companies are scared. Scared that they might have to live through the same troubled times the rest of us will have to endure.

Malcolm Farry has found what he thinks will be a cash cow. For the ratepayers who have to pay for it, it looks more like a white elephant.

This economic crisis didn't just happen. It is not just the result of plain old greed by a handful of irresponsible speculators in the large multinational banks - although they are part of the problem. It is the result of a social and economic system - capitalism - where the only



god is the almighty dollar. No matter how bad this crisis gets, if unchallenged, capitalism will bounce back only to crash harder next time. The attacks on workers will be brutal. Healthcare, education and welfare will be pushed back as far as possible. Workers will be made to pay to bail out those who firmly support the system that caused this crisis.

This stadium needs to be opposed for the scam that it is, but stopping at one small victory is not enough. Only by opposing capitalism in its entirety can we hope to achieve a society where we actually have a say in how our communities are run.

Kevin Hodder

Happy Valley, coal and climate change

January 30, 2009, marks the third year of the occupation of Happy Valley. This valley is a rare habitat home to species found nowhere else.

Solid energy aims to dig a 96m pit in the valley to excavate its coal. With coal being so polluting and the mining process so toxic one wonders how this could come to pass in a time when global warming is in every ones thoughts as clean water becomes increasingly scarcer.

Though the government-owned enterprise has already began mining on Mt Augustus, which was deemed by DOC to be a "Biodiversity Hotspot" because it supported spotted kiwis, Patrickensis Land Snails and many other rare alpine species. The new government has since lifted the ban on new coal and gas power plants

claiming "urgency", though the previous ban makes exceptions for situations where supply is at risk. With gas supplies running low in the country the coal under Happy Valley will look more appealing to the government as it undoes Labour's scant climate change initiatives. The coal under Happy Valley was once thought to be sold to overseas markets, namely China, but with the recent change in government to include the ACT party, whose leader denies climate change, it will look appealing for domestic use and further the damage to the environment. The cost of cleaning up this pollution and the resulting damage it does to people's health will undoubtedly be a burden pushed onto the taxpayers who had no say in the decision. The coal under Happy Valley, if burned would put 13 million tonnes of carbon dioxide into the atmosphere and cause acid runoff in streams to spread the pollution further. DOC bosses have gagged any dissenting voices within the department and conceded to Solid Energy in a

court appeal brought about by environmental NGOs and iwi. Solid energy has sacked experienced employees who showed interest in keeping the Ngakawau River clean. With the failure of DOC to speak up at the appeal, concerned citizens have taken a direct approach to stopping the mining with an occupation and an appeal to the wider population to support them. The support Happy Valley activists receive has allowed this occupation to continue but its ultimate goal is to occupy the site indefinitely until the government gives in. Though I do not doubt the sincerity of the occupants it would seem that the coal will be there long after attention of the populace and campaign resources have dried up. The best way to save Happy Valley is to get the miners and workers of the country to outright refuse to mine the valley and force the government to concede. If there is no one willing to mine the valley, there is no way it will happen.

Taryn McGarry

Socialism

Capitalism is a system of crisis, exploitation and war in which production is for profit, not human need. Although workers create society's wealth, they have no control over its production or distribution. A new society can only be built when workers collectively seize control of that wealth and create a new state in which they will make the decisions about the economy, social life and the environment.

Workers' Power

Only the working class has the power to create a society free from exploitation, oppression and want. Liberation can be won only through the struggles of workers themselves, organised independently of all other classes and fighting for real workers' power - a new kind of state based on democratically elected workers' councils. China and Cuba, like the former Soviet Union and Eastern Europe, have nothing to do with socialism. They are repressive state capitalist regimes. We support the struggles of workers against every ruling class.

Revolution Not Reformism

Despite the myth of parliamentary democracy, the structures of parliament, the army, the police and the judiciary cannot be taken over and used by the working class majority. They grew up under capitalism and are designed to protect the ruling class against workers. There is no parliamentary road to socialism.

Internationalism

Workers in every country are exploited by capitalism, so the struggle for socialism is part of a worldwide struggle. We oppose everything that divides workers of different countries. We oppose all immigration controls. We campaign for solidarity with workers in other countries. We oppose imperialism and support all genuine national liberation struggles.

Liberation From Oppression

We fight for democratic rights. We are opposed to the oppression of women, Maori, Pacific Islanders, gays and lesbians. These forms of oppression are used to divide the working class. We support the right of all oppressed groups to organise for their own defence. All these forms of liberation are essential to socialism and impossible without it.

Tino Rangatiratanga

We support the struggle for tino rangatiratanga. Maori capitalists and politicians have no interest in achieving tino rangatiratanga for working class Maori. The Government and corporate warriors' approach to Treaty claims has benefited a Maori elite while doing little for working class Maori. Tino rangatiratanga cannot be achieved within capitalism. It will only become a reality with the establishment of a workers' state and socialist society.

Revolutionary Organisation

To achieve socialism, the most militant sections of the working class have to be organised into a revolutionary socialist party. Such a party can only be built by day-to-day activity in the mass organisations of the working class. We have to prove in practice to other workers that reformist leaders and reformist ideas are opposed to their own interests. We have to build a rank and file movement within the unions. We are beginning to build such a party, linking the ideas of revolutionary socialism to workers' struggles against the system. If you agree with our ideas and want to fight for socialism, we urge you to join us.



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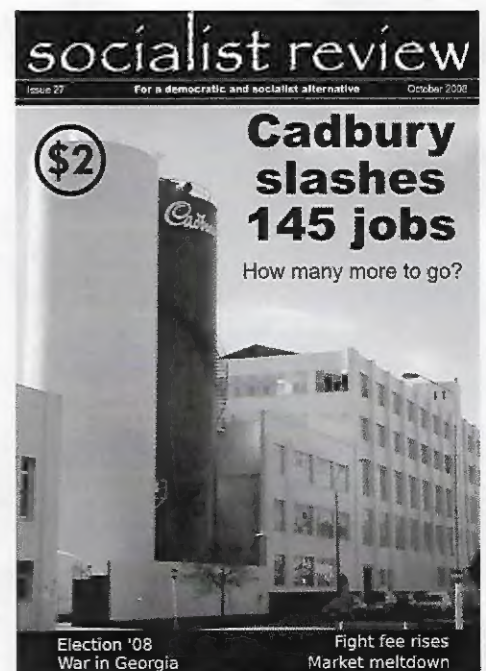
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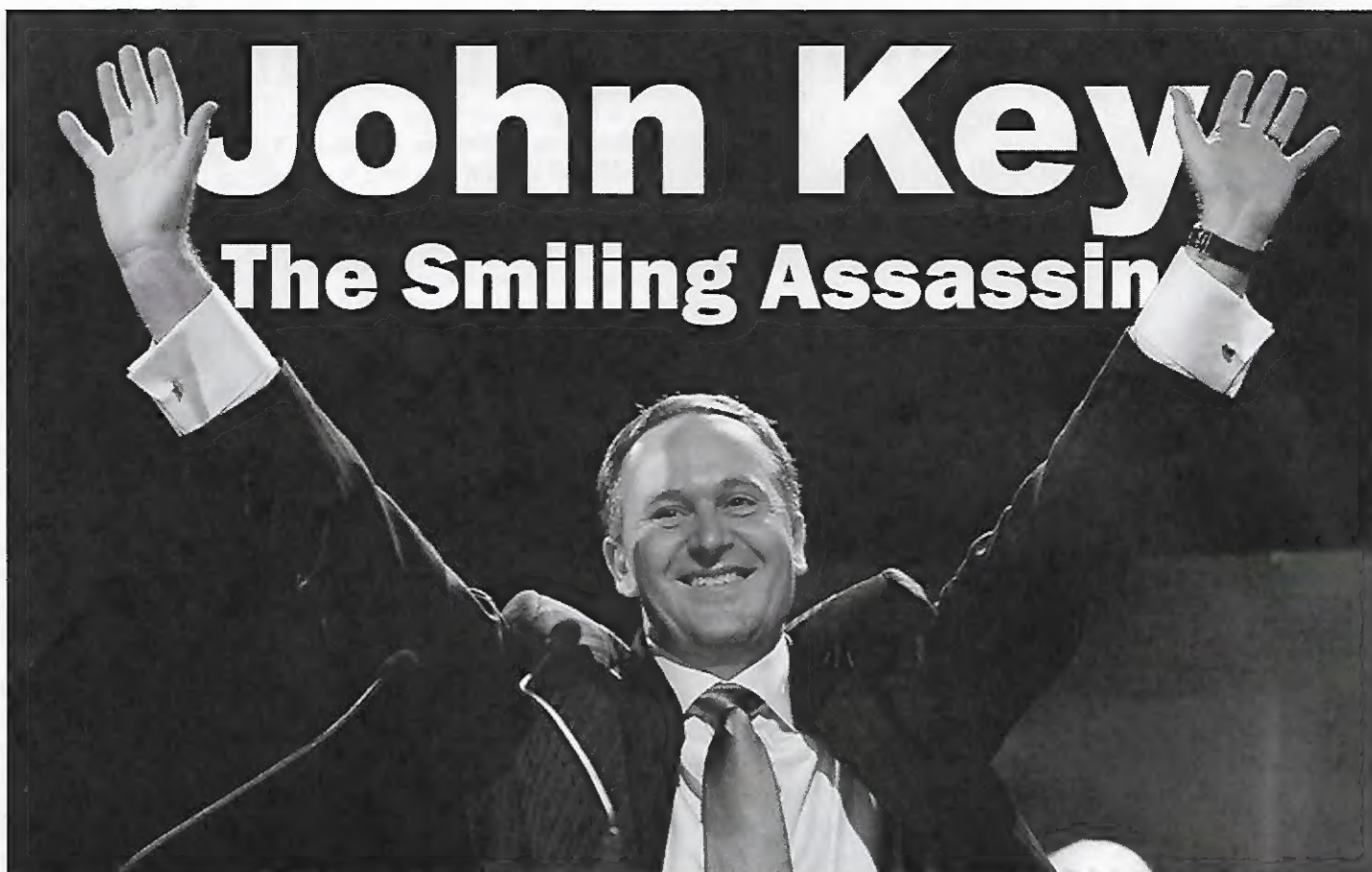
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John Key

The Smiling Assassin

John Key emerged from the shadows to take power in last year's election. Most people know very little about the man who now runs the country, apart from his millionaire status and his state-house background. His rags-to-riches story has won him some sympathy.

It also looks as though the savage attacks that the last National Government introduced immediately after coming to power in 1990 – slashing benefits to starvation standards and hobbling trade unions with the anti-worker Employment Contracts Act – are not on the cards.

Key has made it easy for bosses to fire new workers in the first 90 days of a new job – which undermines the wages and conditions of all of us – but he also raised the minimum wage from \$12 to \$12.50 and, to try and boost the flagging economy, he has promised to spend money on public health, infrastructure and state housing.

In early February, Key announced a \$500 million spending package and plans to save “iconic” firms like Fisher and Paykel, which is in the middle of shutting down production in New Zealand to move it to low-wage Thailand and Mexico.

This kind of government spending flies in the

face of the free-market bullshit we have been fed since the fourth Labour government in 1984. For almost three decades we were told there was no alternative to shutting down hospitals, schools, railways and laying off workers. But when the bosses are in trouble – all of a sudden there is plenty of money available.

John Key's economic philosophy has more in common with Rob Muldoon, the free-spending autocrat who ruled New Zealand from 1975 to 1984, than any government, Labour or National, since then.

Free-market, or neo-liberal economic philosophy blames governments for everything that goes wrong with the economy. Left to itself, they say, the market will provide.

This has been the thinking behind the sale of state-owned companies and the cutbacks to health and education over the last 25-odd years. But the dominance of market philosophy has only produced failure after failure all over the world – to be accurate, it has failed to produce the goods and service it was supposed to, but it has produced vast fortunes for the monkeys that work the levers of the international finance system – people like John Key, who made his millions sacking people and living off the over-inflated credit system.

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